



May 10th, 2006

TO: Transportation Authority of Marin Commissioners

FROM: Dianne Steinhauser, Executive Director

RE: Proposed TAM FY 2005-06 Mid Year Budget Adjustment, Agenda Item 7

Dear Commissioners:

Executive Summary

The Fiscal Year 2005-06 Budget was adopted in June 23, 2005. Since that time, actual revenue and expenditure data has been collected and the Board has taken action on several items that impact the budget. The mid-year budget adjustment provides an opportunity to review what actual revenues and expenditures have been over the first 6 months of the fiscal year and to revise projected revenue and expenditure needs through June 30, 2006. All proposed revenue and expenditure adjustments are easily managed, and revenues are expected to exceed expenditures for the year.

The mid-year budget adjustment was reviewed by the Executive Committee at their meeting of March 8th. At that time, 6 months of information had been available for review. Requests at the March meeting included the addition of "Totals" and a "percentage change" column between budget and actual expenditure amounts. These changes have been incorporated. Staff will be presenting a full 9 months of information to the Executive Committee at the may 10th meeting.

Recommendation: Recommend approval to the full TAM Board of the Mid-year Budget Adjustment for the Fiscal Year 2005-06 budget.

The Fiscal Year 2005-06 Budget was adopted in June 23, 2005. Since that time, actual revenue and expenditure data has been collected and the Board has taken action on several items that impact the budget. The mid-year budget adjustment provides an opportunity to review actual data and to revise projected revenue and expenditure needs through June 30, 2006.

If the TAM Budget had substantial changes in revenue or expenditures that presented an urgent need to adjust the budget in order be in compliance with applicable rules and regulations, staff would bring those recommended changes to the Board quickly. For this year, however, TAM staff and its consultant team do not see any changes significant enough to warrant urgent action by the Board. Rather, the review of actual versus budgeted amounts in the TAM Budget is a review exercise, illustrating TAM activity over the first 6 months of the Fiscal Year.

Staff point out below what the budget contains and does not contain, as well as significant differences noted over the first 6 months and the reasons for them. Revenues are expected to exceed expenditures for the fiscal year

Background - Contents of the Budget

The Fiscal Year 2005-06 Budget was adopted at the June 23, 2005 TAM Board meeting. The budget illustrated known and estimated revenues, as well as estimated expenditures. The TAM Budget contains all funds that TAM comes into contact with, both as the grantor of funds, such as Measure A funds, and the grantee, such as federal funds received from MTC. There are many permutations on the fund sources TAM comes into contact with. In some cases, TAM receives the funds on a reimbursable basis, such as the Regional Measure 2 Toll Funds. There are a number of fund sources that TAM is tasked with developing a program of projects for, but the funds themselves do not flow through TAM. This is true of STIP funds, that are a combination of federal and state funds coming through Caltrans and the CTC , and of TLC/HIP funds, coming through MTC and Caltrans. If TAM happens to be the actual sponsor of one of these projects, such as the recipient of TDA Article 3 funds for the Bike Plan updates, then the funds are in TAM's budget. If TAM does not come into actual contact with the funds, regardless of the source, they are not in TAM's Budget. TAM retains a role as the CMA however, in controlling the destiny of many of these fund sources, whether we come into contact with them or not.

Attachment A shows a proposed mid year budget revision for Fiscal Year 2005-06. Highlights of the proposed changes are described below.

Revenues

- The **Prior Year Carry Forward** is significantly higher than budgeted. The carryover was estimated in the spring of 2005 as \$75,000. The actual amount of revenue carried forward from the prior year became available when the books for FY 2004-05 were closed in September 2005. The final amount is \$409,692.
- Pass through funds for **RM-2** have been identified and included in the mid-year budget adjustment. These revenues are offset by expenditures directly by TAM staff as well as funds passed through to other agencies in the form of interagency agreements.
- The **Community Based Transportation** (CBT) program grant for two CBT plans was budgeted for this year. One of the plans will not substantially begin until FY 2006-07 so the revenue and expenditure are being deferred one year.
- **TDA Article 3 Bike Planning** funds and a **SAFETEA-LU earmark** for the Marin Sonoma Narrows project became available in FY 2005-06. The share of these grants to be expended in FY 2005-06 is included in the budget adjustment.

Measure A Sales Tax revenues are projected to be slightly lower (less than one percent) than forecasted in the budget based on the first six months receipts for the fiscal year. The lower revenue forecast is not expected to impact Measure A allocations to programs and projects in FY 2005-06. The amount budgeted for a Measure A reserve was initially adopted at a higher level than is currently being recommended, 10% versus 5% now. This adjustment absorbs any negative impacts of slightly lower than anticipated sales tax receipts.

Debt Financing

The FY 2005-06 TAM Budget allowed for the issuance of some form of debt financing in the amount of approximately \$30 million as described in the Measure A Expenditure Plan. Given the current status of funding requirements and funding available for the Hwy 101 Gap Closure Project, it appears that debt financing will not be required in FY 2005-06. Funds held for this purpose will be utilized as direct cash expenditures on the Hwy 101 Gap Closure or for the Hwy 101 swap projects. A Financial Advisor will be retained in the next few months to determine the timing and sizing of any debt required for the project. When the cash flow requirements for the project are defined and financing options have been considered, staff will return with a debt financing plan for the Board's approval. This debt financing may occur at the very end of FY 2007-08.

Expenditures

- Administrative costs associated with the establishment of an independent TAM office have been adjusted to reflect the purchase of **furniture and equipment** for the authorized staffing, and County transitional staff. There is also funds covering an interim **office space lease** as well as a long term office space lease. Estimates for furniture and equipment are higher than originally budgeted based on changes in the staffing plan for TAM. Office lease expense is lower than originally budgeted as a permanent office space will not come online until very late in the fiscal year, June at the very earliest.
- The **Line of Credit/Debt Reserve** has been increased to reflect the repayment of a dry period loan of \$3,506,576 for allocations to MCTD and a set aside to preserve debt capacity.
- One of the two **Community Based Transportation Plans** being prepared by a consultant will be substantially deferred until FY 2006-07.
- The **Bike Plan Update Contract** approved earlier this year and transferred to TAM from the County for implementation is incorporated into the budget amendment in the amount of \$38,333. Approximately one third of the three year contract amount is expected to be spent this fiscal year.
- Costs for oversight activity on the Marin Sonoma Narrows in the amount of \$75,000 is added as a potential expenditure, to be funded with the SAFETEA-LU earmark is included in the budget adjustment.
- The contract with **Local Government Services** to provide payroll processing and benefits administration is added to the mid-year budget adjustment. The fees are estimated based on the current hiring schedule.
- A contract for **Information Technology** support services is anticipated to begin this fiscal year. \$4,167 is included in the budget adjustment for partial year services.
- The **Election Cost** budgeted for FY 2004-05 was not spent until this fiscal year. The budget is adjusted to include payment of \$113,814 to the County for this service.
- A **Measure A Reserve** equal to 10 percent of sales tax receipts was planned for in the budget. In subsequent discussions of the Strategic Plan with the Executive Committee, staff recommended a reserve of 5 percent. The budget adjustment reduces the reserve to 5 percent of Measure A receipts for the year.

In summary

The mid year budget projections indicate that revenue and expenditure changes are easily managed. Most changes have no significant impact on TAM's financial position as they are largely additions of expenditures with corresponding revenues. Preparation of the mid year budget adjustment provides a foundation for developing the Fiscal Year 2006-07 TAM budget. A draft FY 2006-07 budget will be presented to the TAM Board in May 2006.

Recommendation: Recommend approval to the full TAM Board of the Mid-Year budget Adjustment for the Fiscal Year 2005-06 budget.

Transportation Authority of Marin

FY 2005-06 Budget vs. Actual

	Object Code	Adopted FY 04-05	Adopted FY 05-06	YTD Actual at 12/31/05 FY 05-06	Percent-to-date FY 05-06
REVENUE					
Prior Year Carry Forward		\$397,927	75,000	409,692	
Cities and Counties	9741	\$350,000	430,000	0	0%
Interest Earned	9201	2,000	1,000	0	0%
STP/CMAQ (MTC)	9475	240,000	240,000	195,000	81%
STIP/PPM (Caltrans)	9475	0	24,000	0	0%
T-PLUS (MTC)	9493	150,000	150,000	0	0%
BAAQMD	9423	18,738	18,738	0	0%
RM-2	9479	38,500	200,000	0	0%
Community Based Transportation	9489	12,600	107,400	16,000	15%
Measure A (net of BOE fees)	9476	1,638,207	19,819,256	9,817,109	50%
Measure A Bond Proceeds	9915	0	30,000,000	0	0%
Line of Credit/Loan		3,462,000	0	0	
CMP Modeling Fees			0	1,000	
TDA Bike Planning			0	0	
FHWA Earmark			0	0	
Misc Donations			0	0	
Total Revenue Available		\$6,309,972	\$51,065,394	\$10,438,801	20%
EXPENDITURES					
Administration					
Salaries & Benefits	1001	\$531,300	1,073,758	313,239	29%
Office Lease	2246	0	79,800	0	0%
Furniture	4985	0	55,500	0	0%
Equipment	4985	0	24,200	3,393	14%
Telephone	2534	0	8,500	102	1%
Office Supplies	2133	30,000	20,000	3,402	17%
Insurance	2059	0	10,000	0	0%
Audit	2717	6,000	20,000	2,186	11%
Legal	2713	10,000	10,000	0	0%
Accounting/Payroll	2717	0	20,000	0	0%
Document Reproduction	2137	20,000	20,000	4,433	22%
Memberships/Subscrip/Publications	2135	0	5,000	957	19%
Travel/Training/Meetings	2479	0	10,000	484	5%
Hwy 101 Gap Debt reserve	3301	2,000	5,485,000	0	0%
County Loan repayment (MCTD)	3301		0	3,500,000	
County Loan Interest	3302			6,576	
BOE Start Up				7,723	
Subtotal, Administration		\$599,300	\$6,841,758	\$3,842,494	56%

Professional Services

CMP	2533	\$15,000	49,000	55,033	112%
T-PLUS	2533	70,000	105,000	26,201	25%
Consulting Pool/Recruiter	2533	29,000	50,000	11,305	23%
Community Based Transportation	2533	12,600	101,400	9,792	10%
Program Management Oversight	2533	314,300	551,200	215,494	39%
LGS Fees	2533		0	0	
Bike Planning Contract	2533		0	0	
Webcasting Contract	2533		0	0	
Marin Sonoma Narrows support	2533		0	0	
Information Technology Consultant	2533		0	0	
Legislative Support	2533		0	0	
Election Cost	2533	155,000	0	113,814	
Subtotal, Professional Services		\$646,900	\$856,600	\$431,638	50%

Measure A Programs

Reserve	6991	0	1,981,926	0	0%
Program Management	2325	0	514,500	215,494	42%
Strategy 1 - Transit		3,462,000	5,897,000	2,911,068	49%
Strategy 2 - Gap Closure		0	1,350,000	????	
Strategy 3 - Streets & Rds		0	1,506,044	0	0%
Strategy 4 - Safe Routes		0	940,000	98,243	10%
Subtotal, Measure A Programs		\$3,462,000	\$12,189,470	\$3,224,805	26%

Interagency Agreements

Larkspur RM-2		0	0	800,000	
TFCA		0	0	????	
Subtotal, Interagency Agmnts		\$0	\$0	\$800,000	

Total Expenditures		\$4,708,200	\$19,887,828	\$8,298,937	42%
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March 8th,2006

**Projected
FY 05-06**

409,692

430,000

1,000

240,000

24,000

150,000

18,738

1,000,000

60,000

19,634,218

30,000,000

0

1,000

38,333

75,000

0

\$52,081,981

1,073,758

27,405

79,500

34,793

8,500

20,000

10,000

20,000

10,000

20,000

20,000

5,000

10,000

3,500,000

6,576

7,723

\$4,853,255

55,033
105,000
100,000
54,000
551,200
25,650
40,000
5,000
75,000
5,000
7,500
113,814
\$1,137,197

981,711
514,500
5,897,000
1,350,000
0
940,000
\$9,683,211

800,000
????
\$800,000

\$16,473,663